

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicants: Brian Shuster

Serial No.: 09/837,852

Filed: April 18, 2001

Title: METHOD AND APPARATUS FOR
MANAGING OWNERSHIP OF VIRTUAL
PROPERTY

Art Unit: 3625

Examiner: Mark Fadok

APPEAL BRIEF

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir or Madam:

The appellant filed a Notice of Appeal in the above-identified application on September 20, 2007 under 35 U.S.C. § 134(a). The Appeal Brief meets the substantive requirements of Rule 41.37. The appellant requests entry, consideration, and favorable action on this appeal at the Office's earliest convenience.

In accordance with Rule 41.37(c), the appellant presents the following items under the headings prescribed therein.

Real Party in Interest

Hoshiko, LLC, a Nevada Limited Liability Company, owns the subject application.

Related Appeals and Interferences

None.

Status of Claims

The Official Action mailed on June 20, 2007 (hereinafter the "Final Action"), rejected claims 1-3, 5-12 and 14-17. Claims 4 and 13 were cancelled prior to the Final Action. On September 20, 2007, the appellant filed a Notice of Appeal from the rejections of pending claims 1-3, 5-12 and 14-17.

Status of Amendments

No claims have been amended subsequent to the Final Action. All amendments to the claims were entered prior to the Final Action.

Summary of Claimed Subject Matter

This section includes a concise explanation of the subject matter defined in each of the independent claims involved in the appeal (i.e., claims 1 and 9), which includes references to the specification and drawings and other information as specified in Rule 41.37.

Claim 1 defines a method for managing virtual properties that exist solely in a virtual form within a computer network and that have no physical counterparts. P. 3:13-20; p. 4:19-20 The method comprises:

(A) *"Providing virtual properties configured for use in a computer game operable in a memory of a game server, said virtual properties existing solely in virtual form within a computer network."* P. 7:21-23; fig. 2, item 130; p. 10:3-4; fig. 3, item 210; p. 11:24 –

12:9. For example, virtual properties, such as game objects, may exist in virtual form within a computer network.

(B) *"Assigning ownership of the virtual properties to a plurality of property owners participating in the computer game, said ownership configured through said computer game such that said property owners are permitted to use said virtual properties in said computer game but are not permitted to possess a digital copy of any of said virtual properties."* P. 3:15-17; p. 6:26 – 7:8; figs. 2-3. Ownership may be assigned via purchase or trade transactions. The virtual properties may be used in the computer game and may be included in players' portfolios. P. 12:3-5. The virtual properties may be operated and maintained within a merchant computer system. P. 7:2-8.

(C) *"Maintaining an inventory of said virtual properties in a centralized database accessible by said property owners via a network connection."* Fig. 1, item 14; p. 7:1-8; p. 7:17-18; fig. 3 at 130. A merchant computer may maintain a database of available virtual properties.

(D) *"Allowing said property owners to transfer ownership of their respective virtual properties via said network connection."* Fig. 2; p. 7:21-25; fig. 3: p. 8:26-27. The merchant computer may allow transfer of ownership records via purchase or trades executed via the network. P. 13:24-28.

(E) *"Maintaining updated records regarding ownership of said virtual properties in said centralized database."* P. 7:17-18; p. 8:22-24; fig. 2 at 130 and 185; p. 8:29 – 9:2;

p. 9: 23-25; fig. 3 at 210 and 365. The merchant computer may maintain updated ownership records reflecting current ownership of virtual properties.

Claim 9 defines similar steps as claim 1, albeit in system form. The computer-implemented system for managing virtual properties that exist solely in a virtual form within a computer network and that have no physical counterparts, comprises:

(A) *"A server connected to a network accessible by plural property owner computers."* P. 5:5-7; fig. 1 at 10. A computer system may be connected to users (property owners) via a network, for example the Internet.

(B) *"An application program operable with said server to provide the functions of."* P. 5:15-22; fig. 1 at 11. An application program may be operable with the server to provide the functions of:

(C) *"Providing virtual properties configured for use in a computer game operable in a memory of a game server, said virtual properties existing solely in virtual form within a computer network."* P. 7:21-23; fig. 2, item 130; p. 10:3-4; fig. 3, item 210; p. 11:24 – 12:9. Virtual properties, such as game objects, may exist in virtual form within a computer network.

(D) *"Assigning ownership of the virtual properties to a plurality of property owners participating in the computer game, said ownership configured through said computer game such that said property owners are permitted to use said virtual properties in said computer game but are not permitted to possess a digital copy of any of said virtual properties."* P. 3:15-17; p. 6:26 – 7:8; figs. 2-3. Ownership may be assigned via

purchase or trade transactions. The virtual properties may be used in the computer game and may be included in players' portfolios. P. 12:3-5. The virtual properties may be operated and maintained within a merchant computer system. P. 7:2-8.

(E) *"Maintaining an inventory of said virtual properties in a centralized database accessible by said property owners via a network."* Fig. 1, item 14; p. 7:1-8; p. 7:17-18; fig. 3 at 130. The server may maintain a database of available virtual properties.

(F) *"Allowing said property owners to transfer ownership of their respective virtual properties via said network."* Fig. 2; p. 7:21-25; fig. 3; p. 8:26-27. The merchant computer may allow transfer of ownership records via purchase or trades executed via the network. P. 13:24-28.

(G) *"Maintaining updated records regarding ownership of said virtual properties in said centralized database."* P. 7:17-18; p. 8:22-24; fig. 2 at 130 and 185; p. 8:29 – 9:2; p. 9: 23-25; fig. 3 at 210 and 365. The merchant computer may maintain updated ownership records reflecting current ownership of virtual properties.

(H) *"Allowing said property owners to use but not possess digital copies of said respective virtual properties within corresponding network spaces."* P. 3:15-17. The virtual properties may be used in the computer game and be included in players' portfolios. P. 12:3-5. The virtual properties may be operated and maintained within a merchant computer system. P. 7:2-8.

Grounds of Rejection To Be Reviewed on Appeal

Claims 1-3, 5-12 and 14-17 were rejected under 35 U.S.C. § 102(e) in view of Johnson (U.S. Pat. No. 6,561,250). These grounds of rejection are to be reviewed on appeal. No other grounds for rejection have been set forth.

Argument

In the arguments below, the appellant presents reasons why defined groups of claims are separately patentable over the cited references. Claims that are not separately discussed stand or fall with their respective base claims.

Comment: let's be consistent in the usage of terms

A patent claim is anticipated by a reference "only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987), cited in M.P.E.P. § 2131. "The elements must be arranged as required by the claim." *In re Bond*, 910 F.2d 831, 15 USPQ2d 1566 (Fed. Cir. 1990), also cited in M.P.E.P. § 2131. Johnson fails to disclose every element of independent claims 1 and 9 arranged as required by these claims, and therefore does not anticipate them.

Overview of Johnson

Johnson discloses a system in which digital copies of virtual properties are maintained by owners using an owner system. Col. 9:51-59; Fig. 5C. According to Johnson, the owner system includes the digital data ("BinaryData 529") that defines the virtual property item. *Id.* Johnson teaches that the owner system shown in Fig. 5C and

discussed at col. 9:51-59 may be embodied in web browsers or other client applications and "is typically operated by a user to perform transactions with virtual property." Col. 7:11-17. With respect to virtual properties provided in connection with a game, Johnson expressly maintaining digital copies of the properties *at the owners' systems*; i.e., in their possession. Col. 3:32:41; col. 9:51-59; fig. 5C; col. 18:20-24.

A. Claims 1 & 9 (And Dependent Claims)

Johnson fails to disclose, either expressly or inherently, each and every element of independent claims 1 and 9 as set forth therein. Johnson therefore cannot anticipate these claims.

1. Johnson Fails To Disclose "Said Property Owners Are Permitted To Use Said Virtual Properties In Said Computer Game But Are Not Permitted To Possess A Digital Copy Of Any Of Said Virtual Properties"

On page 3, the Final Action cites Johnson at col. 17:25-40 as disclosing using "a central server to store virtual properties," but this argument is deficient for at least two reasons. First, no showing has been made that Johnson discloses a system in which possession of digital properties is *not permitted*. Furthermore, this feature cannot be inherent in Johnson, which expressly teaches that digital copies or properties used in a game are maintained on owner computer systems. Col. 3:32:41; col. 9:51-59; fig. 5C; col. 18:20-24.

In the Response to Arguments section of the Final Action, it was remarked that "not permitted to possess a digital copy of any of said virtual properties" as defined by claims 1 and 9 means "a condition where the virtual properties are not downloaded to

the client's computer and remain on the server." Final Action, page 5. Apparently, it is agreed that if the virtual properties are "not permitted" to be possessed by clients, they cannot be downloaded to the client's computer and must remain on the server. That is, if the virtual properties can be downloaded to the client or are stored on the client, they are permitted to be possessed by users, and therefore fall outside of the "not permitted" language. As noted above, Johnson teaches that the virtual game properties *should* be maintained on client computers. Col. 3:32:41; col. 9:51-59; fig. 5C; col. 18:20-24. Johnson therefore clearly fails to teach "not permitting" the virtual game properties to be possessed by users. Moreover, as explained in the next section, Johnson also fails to disclose central storage of virtual properties configured for use in a computer game.

Therefore, Johnson fails to disclose "providing virtual properties configured for use in a computer game" arranged in a method or system "such that said property owners are permitted to use said virtual properties in said computer game *but are not permitted to possess* a digital copy of any of said virtual properties," as defined by claims 1 and 9. Johnson therefore cannot anticipate these claims under § 102.

2. Johnson Fails To Disclose Central Storage Of "Virtual Properties Configured For Use In A Computer Game"

Johnson discloses no embodiments or prior art operative to store digital property centrally, in which the properties are "virtual properties configured for use in a computer game," as claims 1 and 9 require. The embodiment disclosed in fig. 10 and discussed at col. 17:25-40 concerns trading of stocks and bonds. Stocks, bonds, and other financial instruments represent ownership interests in money or tangible property, and

cannot reasonably be said to read on the "virtual properties configured for use in a computer game" as required by claims 1 and 9. Johnson's only other disclosure of a centrally-maintained repository of property objects is the prior-art IBM Cryptolopes system, which Johnson criticizes at col. 1:46-67, and which fails to disclose keeping virtual properties configured for use in a computer game.

The Final Action argues it is well known to use "a central location for storage or games and virtual properties" and that Johnson "suggests than an improvement can be made to move the storage to the client computer." Final Action, p. 6. This argument mischaracterizes what Johnson teaches. Johnson teaches one system for stocks and bonds in which objects are maintained centrally, while being silent about whether or not they are also maintained locally. Col. 17:24-54; Fig. 10. Johnson teaches another system for game objects, in which digital copies are maintained locally. Col. 9:20-59; Fig. 5C. Johnson never discloses maintaining virtual property objects in a central database. To the contrary, Johnson teaches that local storage is preferable for game objects. Col. 9:60-67. For example, Johnson discloses "[w]hen large numbers of virtual property items need to be tracked, a computer system having large amounts of disk space and memory would be required to store all the virtual property items." Col. 9:64-67. This falls short of disclosing the claimed feature, being merely an explanation that "large amounts of disk space and memory" would be needed to store properties belonging to multiple players. Here and elsewhere, Johnson lacks any disclosure of a centralized database configured and used as defined by the claims for storage of virtual

property used in a computer game.

The Final Action argues that, prior to the present invention, one "would be motivated to use the central server embodiment for the game when the value of the objects becomes significant." Final Action, p. 3. This is not a proper argument under § 102, because it relies on modifying what Johnson discloses to obtain something that reads on the claim language. By making this argument to support a rejection under § 102, the Final Action tacitly admits that modification of the reference is required to obtain something that reads on the claim language. Thus, Johnson does not disclose all the elements of claims 1 or 9 arranged as set forth in the independent claims, and therefore does not anticipate. The claims have not been rejected under § 103 (obviousness), and no basis exists for rejecting the claims under § 102.

In summary, Johnson fails to disclose a method or system that includes:

- providing virtual properties configured for use in a computer game operable in a memory of said server, said virtual properties existing solely in virtual form within a computer network;

- assigning ownership of the virtual properties to a plurality of property owners participating in the computer game, said ownership configured through said computer game such that said property owners are permitted to use said virtual properties in said computer game but are not permitted to possess a digital copy of any of said virtual properties;

as defined by claims 1 and 9. Therefore, Johnson does not anticipate these claims.

Failing to disclose or suggest every element of claims 1 and 9 as arranged in these claims, Johnson cannot anticipate them. Claims 2-3, 5-8, 9-12 and 14-17 are also allowable, at least as depending from respective allowable base claims.

B. Claims 7 & 16

Further regarding claims 7 and 16, Johnson also fails to disclose the additional elements of these claims, which are therefore independently allowable. At col. 3:21-32, Johnson discloses facilitating trades of virtual property items. Johnson fails to disclose "allowing at least one of said property owners to win one of said virtual properties from another property owner in the course of a game," as defined by claims 7 and 16. Facilitating winning of virtual objects in the course of a game, as these claims require, does not reasonably read on facilitating trades, as Johnson discloses. Johnson therefore does not anticipate claims 7 and 16, for this additional reason.

This deficiency was formerly not in dispute, as these claims were not rejected under 35 U.S.C. § 102(e) in the Office Action mailed July 16, 2004. That communication instead relied on 35 U.S.C. § 103(a) to reject these claims in view of Johnson and "official notice." The rejections under 103(a) have since been withdrawn while the present rejections under § 102(e) have taken their place. It is improper to base a rejection under § 102 on a combination of a first reference and official notice. Therefore, the taking of official notice in that correspondence is no longer relevant, as is the issue of whether or not Applicant effectively traversed taking of official notice.

In rejecting claim 7 under § 102 the Final Action now cites Johnson at 3:21-32, which discloses

In another aspect, a method for conducting transactions over a distributed network including one or more computer systems functioning as an owner, authenticator, and provider systems, the method comprising

steps of a) indicating, by a first owner, a first owner with whom to trade, b) indicating a trade defining a first set of one or more virtual property items offering to trade and a second set of one or more items which are expected in return for the first set, and c) after both the first and second owner indicate that they wish to trade, confirming that both the first and second owner wish to execute the trade.

Thus, Johnson here discloses facilitating a trade but fails to disclose "allowing at least one of said property owners to win one of said virtual properties from another property owner in the course of a game" as defined by claim 7. The Final Action makes no argument that trading is the same as winning in the course of a game. Applicant submits that it is not the same thing, and Johnson therefore does not anticipate this claim. It does not matter, as argued on page 7 of the Final Action, that analogous transfers of ownership may be made when a property is traded or won. Disclosure of an analogous process does not amount to anticipation under § 102.

Failing to disclose or suggest every element of claims 7 and 16 as arranged in these claims, Johnson cannot anticipate them. These claims are therefore independently allowable.

Conclusion

Appellant respectfully requests the reversal of the rejection of currently pending claims 1-3, 5-12 and 14-17, and allowance of these claims forthwith, for the reasons set forth above.

Appendix

Appealed claims 1-3, 5-12 and 14-17 are attached hereto as Appendix A. A list of evidence for consideration in this appeal, which evidence is already of record in this

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application, is attached hereto as Appendix B. Related Appeals and Interferences, if any, are listed in Appendix C.

Respectfully submitted,

Date: November 20, 2007

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APPENDIX A
APPEALED CLAIMS

1. (Previously presented) A method for managing virtual properties that exist solely in a virtual form within a computer network and that have no physical counterparts, comprising:

providing virtual properties configured for use in a computer game operable in a memory of a game server, said virtual properties existing solely in virtual form within a computer network;

assigning ownership of the virtual properties to a plurality of property owners participating in the computer game, said ownership configured through said computer game such that said property owners are permitted to use said virtual properties in said computer game but are not permitted to possess a digital copy of any of said virtual properties;

maintaining an inventory of said virtual properties in a centralized database accessible by said property owners via a network connection;

allowing said property owners to transfer ownership of their respective virtual properties via said network connection; and

maintaining updated records regarding ownership of said virtual properties in said centralized database.

2. (Previously presented) The method of Claim 1, wherein said step of maintaining an inventory comprises searching for a desired one of said virtual properties within said inventory.

3. (Previously presented) The method of Claim 1, wherein said step of maintaining updated records regarding ownership comprises associating said virtual properties with respective ones of said property owners.

4. (Canceled)

5. (Previously presented) The method of Claim 1, wherein said step of allowing said property owners to transfer ownership comprises allowing said property owners to sell their respective virtual properties to buyers.

6. (Previously presented) The method of Claim 1, wherein said step of allowing said property owners to transfer ownership comprises allowing said property owners to trade their respective virtual properties for other ones of said virtual properties.

7. (Previously presented) The method of Claim 1, wherein said step of allowing said property owners to transfer ownership comprises allowing at least one of said property owners to win one of said virtual properties from another property owner in the course of a game.

8. (Original) The method of Claim 1, further comprising the step of coordinating with partners via said network to identify additional virtual properties not included in said inventory.

9. (Previously presented) A computer-implemented system for managing virtual properties that exist solely in a virtual form within a computer network and that have no physical counterparts, comprising:

a server connected to a network accessible by plural property owner computers;

and

an application program operable with said server to provide the functions of:

providing virtual properties configured for use in a computer game operable in a memory of said server, said virtual properties existing solely in virtual form within a computer network;

assigning ownership of the virtual properties to a plurality of property owners participating in the computer game, said ownership configured through said computer game such that said property owners are permitted to use said virtual properties in said computer game but are not permitted to possess a digital copy of any of said virtual properties;

maintaining an inventory of said virtual properties in a centralized database via said network;

allowing said property owners to transfer ownership of their respective virtual properties via said network connection;

maintaining updated records regarding ownership of said virtual properties in said centralized database; and

allowing said property owners to use but not possess digital copies of said respective virtual properties within corresponding network spaces.

10. (Original) The system of Claim 9, further comprising a memory connected to said server and having a database of all said virtual properties maintained by said computer system.

11. (Previously presented) The system of Claim 9, wherein said maintaining an inventory function comprises searching for a desired one of said virtual properties within said inventory.

12. (Previously presented) The system of Claim 9, wherein said maintaining updated records regarding ownership function comprises associating said virtual properties with respective ones of said property owners.

13. (Canceled)

14. (Previously presented) The system of Claim 9, wherein said allowing property owners to transfer ownership function comprises allowing said property owners to sell their respective virtual properties to buyers.

15. (Previously presented) The system of Claim 9, wherein said allowing property owners to transfer ownership function comprises allowing said property owners to trade their respective virtual properties for other ones of said virtual properties.

16. (Previously presented) The system of Claim 9, wherein said allowing property owners to transfer ownership function comprises allowing at least one of said property owners to win one of said virtual properties from another property owner.

17. (Original) The system of Claim 9, further comprising the function of coordinating with partners via said network to identify additional virtual properties not included in said inventory.

APPENDIX B

EVIDENCE

NONE.

APPENDIX C

RELATED APPEALS AND INTERFERENCES

NONE.